

No respite for Russia watchers in August

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The five most feared words for Russia watchers? It's August, time to relax. While August is the month when most people take vacations or retreat to the dachas outside of the big cities, it is also the month when major accidents, acts of nature or political events occur more often than in any other month. Of course, there isn't any mathematical evidence to support that, but it doesn't matter; the perception is that if something big is going to happen, it will more often than not be in August.

Historically, major political events, both domestic and geopolitical, have not been uncommon in August. The Molotov-Ribbentrop Pact was signed in August 1939, and construction of the Berlin Wall started in August 1961. Soviet troops entered Prague in August 1968, and in August 1991 there was an attempted coup against Mikhail Gorbachev by those looking to prevent the break-up of the Soviet Union. August 1999 was when Boris Yeltsin promoted a still relatively unknown Vladimir Putin to the post of prime minister. The Russia-Georgia war provided the backdrop to August 2008. History is certainly on the side of the Doomsayers.

That said, last August was one of the exceptions and the month passed without major incident or newsworthy event. Over the past twenty years we have not had two uneventful Augusts back to back and this year is shaping up to be anything but dull. That is thanks to the determination of the US Congress to press ahead with tougher sanctions legislation against Russia. It is not yet clear whether the sanctions bill will be completed and sent to the White House during August or in September to avoid a so-called "pocket-veto". But what is clear is Congress's determination to ratchet up sanctions pressure on Russia with expanded and, more damaging, codified measures.

The Kremlin has already made clear that it sees no justification for these sanctions. The 2014 sanctions were viewed more as an expected response to events in Ukraine, i.e. business and not personal. However, Moscow views the latest move as a personal attack against Russia and against President Putin. If the new sanctions bill is signed into law, or even looks like it will be, then Moscow will certainly retaliate in some form. The rumour mill in Moscow suggests that Putin is already under pressure from the hawks in the administration for not having retaliated against the expulsion of Russian diplomats and the confiscation of two diplomatic compounds in Washington and New York last year. Clearly he was hoping that US President Donald Trump would reverse the Obama order. Not only has that not happened, now we have the escalation in what Russian officials, at least privately, are calling economic warfare.

We could see this play out or be set up for September during August, and that would mark the start of a new phase in the already poor relationship between the two nuclear super-powers.

As July draws to a close, in terms of economics, the situation in Russia is improving as the recovery from recession finally broadens out to the consumer sectors. But a quiet economy has not always been the case in August, with arguably the two biggest macro events in the history of the state initiated in August 1998 and in August 2014. The former was the default on domestic debt and the collapse of both the ruble and a big portion of the banking system. In 2014 the US and EU imposed sectoral sanctions against Russia, while Moscow retaliated with a ban on imported food from most Western nations. August 2014 also saw the start of the collapse of the oil price, which directly pushed the economy into recession and, in combination with sanctions, led to 25% food inflation and some shortages the following winter. On a more positive note, Russia ended almost 19 years of stop-start negotiations and was finally admitted into the World Trade Organisation in August 2012.

Nature has also been very unkind to Russia in August. In August 2002 widespread fires raged in the peatlands around Moscow and blanketed the city in a toxic haze. August 2013 brought very destructive flooding to much of Russia's Far East, which led to both expensive economic disruption and loss of life. The worst weather-related disruption came in August 2010 when large swathes of the country were hit with high temperatures and forest fires. That combination contributed to drought conditions across much of the farming belt and led to a big drop in the year's harvest. In fact, it was this combination that persuaded Putin the country's reliance on imported food (55% of consumption that year) and medicines was not only bad economics but a national security issue. The origin of what we now refer to as the 'localisation' policy was in August 2010.

August can be an accident-prone month, such as in August 2000 when there were a number of serious accidents including the sinking of the Kursk submarine and a fatal fire in Moscow's landmark Ostankino TV tower. In August 2006, 170 people died in an aeroplane crash on a flight from the Black Sea resort of Anapa to St Petersburg. In August 2005 the first case of avian flu was reported and while thankfully that did not develop as had been feared, it did lead to a sense of heightened concern for the month. In August 2009 one of the country's largest hydro-power stations suffered a catastrophic explosion in which 75 people died.

August is also associated with various acts of terrorism. In August 2004 the country was rocked by a series of terrorist actions including a car bombing in Moscow and the destruction of two passenger aircraft. A thoroughly miserable and fear-filled month was rounded off with one of the biggest tragedies to hit post-war Russia when terrorists took over the school in Beslan in southern Russia with tragic consequences.

Even in relatively quiet Augusts, of which there have been very few over the past 15 years, there is always something noteworthy or just odd. In August 2001 the then North Korean leader, Kim Jong-il, visited Moscow. But because of his fear of flying he rode his private train across Russia and caused havoc to passenger services. Such was the frustration of the inconvenienced people that when the train arrived at a Moscow station there were multiple bullet holes clearly visible on its side. In August 2007 a group of nationalist politicians paid for a mini-sub to take them to the floor of the Arctic Ocean where they planted a Russian flag in support of the country's claim to sovereignty over the Lomonosov Ridge.

August 2017 will not be uneventful. That is already clear. The only question is, when we come to write this column this time next year, whether we will be able to refer to August 2017 as the month when President Trump vetoed, or prepared to veto, the sanctions bill and escalated his war with Congress, or the month when the US-Russia relationship became even more toxic and led to "interesting" months ever since.